

NOTICE IS HEREBY GIVEN:

The State Board of Equalization, pursuant to the authority vested in the Board by section 15606 of the Government Code, proposes to adopt Rule 140, Welfare Exemption Requirements for Low-Income Housing Properties; Rule 140.1, Requirements for Managing General Partner of Limited Partnership for Welfare Exemption for Low-Income Housing Properties; Rule 140.2, Requirements for Supplemental Clearance Certificate for Limited Partnership for Welfare Exemption for Low-Income Housing Properties; Rule 143, Requirements for Irrevocable Dedication Clause and Dissolution Clause for Organizational Clearance Certificate for Welfare Exemption in Title 18, Division 1 of the California Code of Regulations. A public hearing on the proposed regulations will be held in Room 121, 450 N Street, Sacramento, at 1:30 p.m., or as soon thereafter as the matter may be heard, on March 28, 2006. Any person interested may present statements or arguments orally at that time and place. Written statements or arguments will be considered by the Board if received by March 28, 2006.

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

The State Board of Equalization proposes to adopt Rules 140, 140.1 and 140.2 to interpret and make specific terms used in Revenue and Taxation Code¹ section 214, subdivision (g) which sets forth the requirements for qualifying for the welfare exemption for low-income housing properties. Proposed Rule 140 will define and make specific the terms “regulatory agreement,” “deed restriction,” “federal low income tax credits,” “government financing,” “lower income households,” and “other legal document.” Proposed Rule 140.1 will define the term “managing general partner” of a limited partnership, and make specific the requirements the managing general partner must meet in order for the low-income housing property, owned and operated by the limited partnership, to qualify for the welfare exemption. Proposed Rule 140.2 will clarify how it is to be determined that the limited partnership, in which the managing general partner is a qualifying nonprofit organization, meets all of the requirements of Revenue and Taxation Code section 214, subdivision (g), by requiring a supplemental clearance certificate, and setting forth the requirements for that certificate.

The State Board of Equalization proposes to adopt Rule 143 to clarify the irrevocable dedication clause and dissolution clause required to be in organizational documents in order to qualify for the welfare exemption under Revenue and Taxation Code section 214.

The express terms of the proposed action, written in plain English, are available from the agency contact person named in this notice.

COST TO LOCAL AGENCIES AND SCHOOL DISTRICTS

The State Board of Equalization has determined that proposed Rules 140, 140.1, 140.2 and 143 do not impose a mandate on local agencies or school districts. Further, the Board has determined that the proposed rules will not result in direct or indirect costs or savings to any state agency, any costs to local agencies or school districts that are required to be reimbursed under Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code, or other non-discretionary costs or savings imposed on local agencies, or cost or savings in federal funding to the State of California.

¹Unless otherwise specified, all statutory references are to the Revenue and Taxation Code.

EFFECT ON BUSINESS

Pursuant to Government Code section 11346.5, subdivision (a)(8), the Board of Equalization makes an initial determination that the adoption of Rules 140, 140.1, 140.2 and 143 will not have a significant statewide adverse economic impact directly affecting business because the proposed rules merely interpret and clarify existing statutory provisions.

The rules will neither create nor eliminate jobs in the State of California nor result in the elimination of existing businesses nor create or expand business in the State of California.

The adoption of the rules will not be detrimental to California businesses in competing with businesses in other states.

The rules will not affect small business because the new rules only interpret and clarify property tax exemption law statutory provisions and do not impose any additional compliance or reporting requirements on taxpayers.

COST IMPACT ON PRIVATE PERSONS OR BUSINESSES

There will be no adverse economic impact on private businesses or persons because the adoption of the rules interpret and make specific existing statutory law and do not impose any additional compliance or reporting requirements on private persons or businesses.

SIGNIFICANT EFFECT ON HOUSING COSTS

No significant effect.

FEDERAL REGULATIONS

Rules 140, 140.1, 140.2 and 143 have no comparable federal regulations.

AUTHORITY

Government Code section 15606 (a).

REFERENCE

Revenue and Taxation Code sections 214, 214.01 and 254.6.

CONTACT

Questions regarding the substance of the proposed rule should be directed to: Ms. Nancy Vadera, Senior Tax Counsel, at P.O. Box 942879, 450 N Street, MIC:82, Sacramento, CA 94279-0082. Telephone: (916) 322-3829; FAX (916) 323-3387.

Written comments for the Board's consideration, requests to present testimony, bring witnesses to the public hearing and inquiries concerning the proposed administrative action

should be directed to Ms. Diane Olson, Regulations Coordinator, (916) 322-9569, and P.O. Box 942879, 450 N Street, MIC:80, Sacramento, CA 94279-0080.

ALTERNATIVES CONSIDERED

The Board must determine that no reasonable alternative considered by it or that has otherwise been identified and brought to its attention would be more effective in carrying out the purpose for which this action is proposed, or be as effective and less burdensome to affected private persons than the proposed action.

AVAILABILITY OF INITIAL STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATIONS

The Board has prepared an initial statement of reasons and an underscored version (express terms) of the rules. Those documents and all information on which the proposal is based are available to the public upon request. The rulemaking file is available for public inspection at 450 N Street, Sacramento, California. Requests for copies should be addressed to Ms. Diane Olson, Regulations Coordinator, (916) 322-9569, at P. O. Box 942879, 450 N Street, MIC:80, Sacramento, CA 94279-0080. The express terms of the proposed regulations (rules) are available on the Internet at the Board's website <http://www.boe.ca.gov>.

AVAILABILITY OF FINAL STATEMENT OF REASONS

The final statement of reasons will be made available on the Internet at the Board's website following its public hearing of the adoption of the rules. It is also available for public inspection at 450 N Street, Sacramento, California.

ADDITIONAL COMMENTS

Following the hearing, the State Board of Equalization may, in accordance with law, adopt the rules if the text remains substantially the same as described in the text originally made available to the public. If the State Board of Equalization makes modifications which are substantially related to the originally proposed text, the Board will make the modified text, with the changes clearly indicated, available to the public for fifteen days before adoption of the regulation. The text of the modified rule will be mailed to those interested parties who commented on the proposed regulatory action orally or in writing or who asked to be informed of such changes. The modified rule will be available to the public from Ms. Olson. The State Board of Equalization will consider written comments on the modified rule for fifteen days after the date on which the modified rule is made available to the public.